

STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
David C. Boyd	Commissioner
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Betsy Wergin	Commissioner

Citizens Telecommunications Company of Minnesota, LLC
Tariff Filing for Frontier Emergency Connect Service P-407/AM-14-603

Frontier Communications of Minnesota, Inc.
Tariff Filing for Frontier Emergency Connect Service P-405/AM-14-604

**REPLY COMMENTS OF
CITIZENS TELECOMMUNICATIONS COMPANY OF MINNESOTA, LLC
and
FRONTIER COMMUNICATIONS OF MINNESOTA, INC.**

On July 16, 2014, Citizens Telecommunications Company of Minnesota, LLC and Frontier Communications of Minnesota, Inc. (collectively, “Frontier”) made individual tariff filings to introduce a new service, *Frontier Emergency Connect Service*. As described in those filings, the Frontier Emergency Connect Service is a limited offering, which only allows the customer to call either 911 or the Frontier call center. No inbound calling is provided. Frontier classified this new service under its flexibly priced services, pursuant to the standards of the companies’ Alternative Form of Regulation (“AFOR”) plans.

On August 12, 2014, the Minnesota Department of Commerce (the “Department”) filed comments, objecting to the classification of the service as flexibly priced, and asserting that the service should be classified as price-regulated.

Statutory Definition of Price-Regulated Services

As the Department notes, the standards for classifying services under an AFOR are laid out in Minn. Stat. 237.761, subd. 1 – 3. Subdivision 2 states that, “For purposes of this section, the term ‘price-regulated service’ includes only those services that are: (1) essential for providing

local telephone service and access to the local telephone network; (2) integrally related to privacy, health, and safety of the company's customers; and (3) for which no reasonable alternative exists within the relevant market or geographic area on reasonably comparable terms and conditions." The Department asserts that the Frontier Emergency Connect Service meets all three of these conditions. Frontier disagrees.

It is important to note that these three statutory conditions are conjoined by an "and". That is, all three of the conditions must be met for a particular service to be classified as price-regulated. Therefore, if just one of the three conditions is not met, then the service in question is not to be classified as "price-regulated". However, as discussed below, Frontier does not believe that the Frontier Emergency Connect Service meets any of the three conditions.

1. Essential for providing local telephone service and access to the local telephone network)

While the statute itself does not include a definition for the term "local telephone service", the Commission's rules do provide a definition for "local exchange service", which Frontier believes is appropriate in this context. Rule 7810.0100, Subd. 23 says that, "Local exchange service' means telecommunications service provided within local exchange service areas in accordance with the tariffs. It includes the use of exchange facilities required to establish connections between stations within the exchange and between stations and the toll facilities serving the exchange." The Frontier Emergency Connect Service does not meet this definition. It does not provide for connections "between stations within the exchange" nor "between stations and the toll facilities serving the exchange". Frontier Emergency Connect Service does not provide local telephone service. Therefore, Frontier Emergency Connect Service does not meet condition 1.

2. Integrally related to privacy, health, and safety of the company's customers)

Frontier Emergency Connect Service provides just two capabilities to customers: calling 911 and calling Frontier's call center. Neither of these capabilities is new, and both capabilities are currently available to customers through other Frontier services. As noted above, Frontier Emergency Connect Service is a new service; it is not currently offered. As such, it is hard to see how something that does not currently exist and will not offer any new capabilities could be integral to the privacy, health, and safety of customers. Frontier is unaware of any concerns being expressed by the Department or other parties prior to July 16, 2014 (when these tariffs were filed),

that the privacy, health, and safety of customers were being threatened because a service similar to Frontier Emergency Connect Service was not available. Therefore, Frontier Emergency Connect Service does not meet condition 2.

3. No reasonable alternative exists within the relevant market or geographic area on reasonably comparable terms and conditions)

As noted above, Frontier Emergency Connect Service provides only two capabilities to customers: calling 911 and calling Frontier's call center. Customers have a number of reasonable alternatives to obtain those two capabilities. Frontier's regular residential and business service provides those capabilities. All of Frontier's bundled service packages offer those capabilities. To Frontier's knowledge, all of Frontier's competitors, both wireline and wireless, offer services that provide these two capabilities. Therefore, Frontier Emergency Connect Service does not meet condition 3.

Statutory List of Price-Regulated Services

The Department notes that Minn. Stat. 237.761, Subd. 3 provides a list of specific services that are to be price-regulated, and points to item number 8 on that list. That item is "911 emergency services". The Department apparently understands this item to relate to the ability of a customer to dial 911. In contrast, Frontier understands this item to relate to the trunking, routing, database, and other services provided to the entities operating the 911 network. Indeed, those types of services are included in Frontier's price-regulated tariffs. Frontier does not believe that this item is intended to encompass the access of retail customers to that emergency service network, by dialing 911.

Following the Department's logic in this regard, every service that allows a customer to call 911 is by definition a price-regulated service. That would include all the bundled service offerings currently contained in Frontier's flexibly priced tariffs. However, in numerous dockets the Commission has explicitly approved the placing of those bundled services in Frontier's flexibly priced tariffs, most recently in the dockets that approved the companies' current AFOR plans.

Applying the Department's approach here would likely make almost all new services that a carrier may introduce subject to the price-regulated classification, with all the accompanying

constraints related to that classification. This would have a chilling effect on innovation and the introduction of new services.

Conclusion

Frontier opposes the Department's assertion that Frontier Emergency Connect Service should be tariffed as a price-regulated service. Frontier believes that service is properly classified as a flexibly priced service, and urges the Commission to accept its tariff filings unchanged.

Dated August 13, 2014

Respectfully submitted,

CITIZENS TELECOMMUNICATIONS COMPANY OF MINNESOTA, LLC
FRONTIER COMMUNICATIONS OF MINNESOTA, INC.

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